

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 OMB-01 ACDA-05 EB-07 TRSE-00 /066 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 5274

INFO DIA WASHDC

USMISSION NATO

AMCONSUL MILAN

AMCONSUL NAPLES

USCINCEUR VAINGEN GERMANY

AMEMBASSY MOSCOW IMMEDIATE

C O N F I D E N T I A L ROME 01032

MOSCOW FOR USDEL

E. O. 11652: GDS

TAGS: PINT, IT

SUBJ: THE GOVERNMENT CRISIS: NO PROGRESS BUT NO RUPTURE IN MORO-  
DEMARTINO TALKS

REF: ROME 0857

SUMMARY: MORO-DEMARTINO TALKS JANUARY 20 PRODUCED NO PROGRESS  
BUT AVOIDED A RUPTURE LEADING TOWARD DISSOLUTION  
OF PARLIAMENT AND EARLY PARLIAMENTARY ELECTIONS.  
SITUATION IS STILL VERY FLUID, WITH EARLY ELECTIONS STILL  
MORE LIKELY THAN NOT. MAJOR ALTERNATIVE SOLUTIONS TO AVOID  
THEM WOULD INVOLVE EITHER DC-PSI GOVERNMENT (BASED ON DC OR  
PSI CAPITULATION) OR DC-BASED GOVERNMENT, PROBABLY INCLUDING  
REPUBLICANS AND/OR SOCIAL DEMOCRATS AND SUPPORTED (HALF-  
HEARTEDLY) IN PARLIAMENT BY SOCIALISTS. MORO SCHEDULED TO  
GIVE DEMARTINO DC PROPOSALS FOR COMPROMISE SOLUTION ON  
JANUARY 23. IN MEANTIME, DEMARTINO AND PCI SECRETARY  
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BERLINGUER MEETING TODAY TO SEEK MORE UNITED SOCIALIST-

COMMUNIST FRONT AGAINST DC. END SUMMARY.

1. MORO-DEMARTINO MEETING -- PREMIER-DESIGNATE MORO MET WITH SOCIALIST PARTY SECRETARY DEMARTINO JANUARY 20 TO DISCUSS POSSIBILITIES FOR COMPROMISE ACCORD TO AVOID THREAT OF EARLY PARLIAMENTARY ELECTIONS. PRESS ACCOUNTS AND EMBASSY SOURCES AGREE THAT RESULT WAS INCONCLUSIVE, BUT HAD MERIT OF AVOIDING OPEN RUPTURE. MORO INDICATED DC WILLINGNESS TO BE FORTHCOMING ON QUESTION OF ECONOMIC PROGRAM MODIFICATIONS TO MEET SOCIALIST OBJECTIONS. (COMMENT: WE ARE TOLD BY CARIGLIA OF PSDI THAT DC WILL ACCEPT VIRTUALLY ALL PSI POINTS.) DEMARTINO ASKED MORO TO MAKE DC COMPROMISE OFFER IN ECONOMIC FIELD. MORO AGREED TO REPLY IN MEETING SET FOR FRIDAY JANUARY 23. IN THE MEANTIME, DE MARTINO IS MEETING PCI SECRETARY BERLINGUER TODAY TO SEEK REDUCTION OF PCI-PSI POLEMICS AND MORE UNITED FRONT AGAINST THE DC.

2. GOVERNMENT FORMULAS -- POLITICAL DISCUSSION NOW CENTERS ON POSSIBLE GOVERNMENT FORMULAS WHICH MIGHT AVOID EARLY ELECTIONS AND PROVIDE VEHICLE FOR DC-PSI COMPROMISE ON ECONOMIC MATTERS. SOCIALISTS HAVE MADE CLEAR THAT THEY WILL NOT ENTER GOVERNMENT UNLESS THEIR FULL POLITICAL AND ECONOMIC DEMANDS ARE MET. HOWEVER, THEY MIGHT BE WILLING TO ABSTAIN ON THE FORMATION OF A ONE, TWO OR THREE PARTY GOVERNMENT INVOLVING THE DC, SOCIAL DEMOCRATS AND/OR REPUBLICANS, AND GIVE IT ISSUE-BY-ISSUE SUPPORT IN PARLIAMENT. IN THIS CASE, THEY WOULD NOT EXPECT THEIR FULL DEMANDS TO BE MET.

3. DC UNCERTAIN TIES -- INITIAL SMUGNESS OF DC BASED ON AWARENESS THAT PSI ON DEFENSIVE AND DC TACTICAL POSITION RELATIVELY STRONG HAS FADED AS RANK AND FILE DC PARLIAMENTARIANS CONTEMPLATE RISKS OF EARLY ELECTIONS. WHILE, ON BALANCE, DC SOURCES CONCLUDE, THAT PARTY PROBABLY BETTER OFF GOING TO ELECTIONS NOW THAN IN MID-1977 (OR IN FALL OF THIS YEAR), THEY RECOGNIZE GRAVE DANGERS INVOLVED. DC POSITION REMAINS CHARACTERIZED BY WILLINGNESS TO COMPROMISE SUBSTANTIALLY IN ECONOMIC FIELD, BUT PRE-ELECTORAL FIRMNESS ON COMMUNIST QUESTION. PARTY IS RELATIVELY UNITED AND EVEN DC SOURCES CLOSE TO ANDREOTTI WHO FAVOR DC-PSI GOVERNMENT AND BELIEVE PSI WOULD MAKE A CONFIDENTIAL

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DEAL IF DC WOULD DROP MORO AS PREMIER-DESIGNATE, REFUSE TO CONSIDER CHANGING HORSES AT THIS TIME. (CARIGLIA SUBSTANTIALLY CONFIRMED THIS VIEW TO DCM AND EMBOFF STATING THAT DEMARTINO CANNOT SUPPORT A MORO GOVERNMENT AND RETAIN HIS "SOUTHERN ITALIAN FACE" BECAUSE IF WAS MORO WHO IGNORED HIM EARLIER, THUS CAUSING THE CRISIS. THE INSISTENCE OF THE DC ON KEEPING MORO CARIGLIA SAID, IS EVIDENCE THAT THE DC, OR SOME OF IT, REALLY AIMS AT EARLY ELECTIONS.)

4. ATTITUDES OF THE OTHER PARTIES -- (A) REPUBLICANS -  
THE ATTITUDE OF THE DC'S FORMER PARTNERS IN THE GOVERNMENT  
WAS MADE CLEAR BY REPUBLICAN PARTY SECRETARY BIASINI  
AT PRI DIRECTORATE JANUARY 20. BIASINI STATED THAT PRI  
WILL NOT ENTER GOVERNMENT WHICH DOES NOT HAVE A  
GUARANTEED PARLIAMENTARY MAJORITY BUILT UPON AN AGREED  
PROGRAM. FURTHERMORE, PRI LEADER LA MALFA MADE CLEAR  
THAT PRI WILL NOT AGREE TO ANY PROGRAM WHICH GOES  
AGAINST ECONOMIC PROGRAM WORKED OUT BY MORO-LA MALFA  
GOVERNMENT.

(B) SOCIAL DEMOCRATS - SOCIAL DEMOCRATS FEAR THAT  
THEY WOULD DO POORLY IN EARLY ELECTIONS AND ARE THUS WORKING  
TO AVOID THEM. THEY STRESS HOPE THAT ECONOMIC ACCORD  
CAN BE RECHED BETWEEN PSI AND DC AND URGE BOTH SIDES TO  
COMPROMISE. HOWEVER, THEY OPPOSE IDEA OF DC-PSI GOVERNMENT  
LEAVING THEM OUT IN THE COLD, AND MAINTAIN THEIR  
STAND AGAINST COMMUNIST "ASSOCIATION" WITH THE MAJORITY.

(C) PCI - THE COMMUNISTS APPEAR ANXIOUS TO AVOID EARLY  
ELECTIONS IN ORDER TO ALLOW MORE TIME FOR CONSOLIDATION  
OF THEIR JUNE 15 ELECTORAL GAINS. THEY ARE BELIEVED TO  
FAVOR LONG SHOT POSSIBILITY OF DC-PSI GOVERNMENT, BUT TO  
BE LESS HAPPY WITH IDEA OF PSI OUTSIDE SUPPORT FOR DC  
GOVERNMENT INCLUDING REPUBLICANS AND SOCIAL DEMOCRATS.

5. WHAT NEXT? -- CONFLICTING PRESSURES ARE KEEPING SITUA-  
TION HIGHLY FLUID. ONLY TYPE OF ACCORD WHICH CAN REALLY  
BE EXCLUDED IS ORGANIC CENTER-LEFT INCLUDING ALL PARTIES OF  
PREVIOUS MAJORITY. RECOURSE TO EARLY ELECTIONS STILL  
REMAINS MORE LIKELY THAN NOT. MAJOR ALTERNATIVE TYPES  
OF SETTLEMENT TO AVOID EARLY ELECTIONS ARE DC-PSI  
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GOVERNMENT, BASED ON DRAMATIC BACKDOWN BY EITHER DC OR  
PSI FROM ORIGINAL POSITIONS, OR PSI PARLIAMENTARY SUPPORT  
TO A GOVERNMENT DRAWN FROM ONE OR MORE OF PREVIOUS MAJORITY  
PARTNERS (DC PLUS PSDI AND/OR PRI) WHICH ACCEPTS LIMITED  
RANGE OF PSI DEMANDS. LATTER TYPE SOLUTION WOULD ALMOST  
CERTAINLY PRODUCE A GOVERNMENT EVEN WEAKER THAN THE LAST  
ONE AND WHOSE MAIN PURPOSE WOULD BE TO AVOID EARLY ELECTIONS  
THIS SPRING.VOLPE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLITICAL STABILITY, COALITION GOVERNMENT, NEGOTIATIONS, DIPLOMATIC DISCUSSIONS, CENTRAL GOVERNMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** vogelfj  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976ROME01032  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760023-0086  
**From:** ROME  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760135/aaaabelh.tel  
**Line Count:** 162  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 ROME 857  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** vogelfj  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 30 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <30 APR 2004 by ElyME>; RELEASED <30 APR 2004 by ElyME>; APPROVED <24 AUG 2004 by vogelfj>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** THE GOVERNMENT CRISIS: NO PROGRESS BUT NO RUPTURE IN MORO- DEMARTINO TALKS  
**TAGS:** PINT, IT, PSI, PCI, DC, (MORO, ALDO), (DE MARTINO, FRANCISCO)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006